

7/8/78

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Brzezinski to Pres. Carter, w/attachments 4 pp., re:Bonn visit	7/2/78	A
Memo	Charlie Schultze to Jody Powell, w/attachments 5 pp., re:Labor Market Developments <i>opened per RAC NLC-126-13-13-1-2, 6/12/12</i>	7/6/78	A
Memo	Frank Moore to Pres. Carter, w/attachments 12 pp., re:Weekly Legislative Report <i>opened per RAC NLC-126-13-13-2-1, 6/12/12</i>	7/5/78	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of the Staff Sec.-Presidential Handwriting File, 7/8/78 Box 94

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THE WHITE HOUSE

WASHINGTON

July 7, 1978

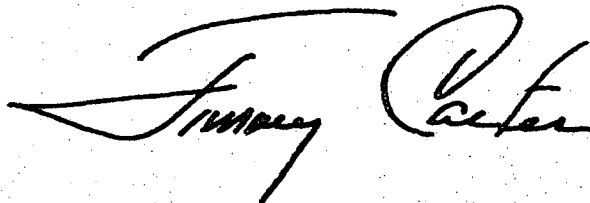
To Mike Armacost

During the 18 months you have served on the National Security Council staff, you have demonstrated the qualities I had in mind when I pledged that my Administration would be as honest and fair and trustworthy and competent as the American people.

Your writings have been cogent, your suggestions constructive. Your distinguished service has proven you to be an accomplished professional diplomat. I know you take justifiable pride in the strong family life that has helped sustain your efforts on behalf of our nation.

I am pleased you will remain a part of my Administration; and I wish you well as Deputy Assistant Secretary for International Security Affairs at the Department of Defense.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

Mr. Michael Armacost
National Security Council
Washington, D.C.

THE WHITE HOUSE
WASHINGTON

July 8, 1978

Tim Kraft

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Hamilton Jordan

THE WHITE HOUSE
WASHINGTON

June 30, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT *T/K*
SUBJECT: TELEPHONE CALLS - WEEK OF JULY 3

Bill Clinton
Little Rock, Arkansas
(o) 501/371-2007
(h) 501/664-2552
Secretary - Barbara

Bill has served well during the last year and a half as a progressive Attorney General and should do well as Governor. He has a keen sense of how the people perceive current issues. His wife, Hillary Rodham, is serving as a member of the Legal Services Corporation Board, appointed by you last year. Both are close to Dale Bumpers.

NOTES:

done

noon

Dale Sights
Henderson, Kentucky
(o) 502/826-1638 (private)
Secretary - Phyllis

Dale served as the Chairman of your primary campaign and worked closely with Dan Rambo, your state coordinator for the general. Dale worked extremely hard to drum up support for the Panama Canal Treaties. He has always stood by you, through thick and thin, and may be able to give you some insight on how you are perceived in Kentucky today. Dale is close to Governor Carroll.

NOTES:

done

Telephone Calls - Week of July 3

Page two

Bob Armstrong
Austin, Texas
(o) 512/475-2071
(h) 512/476-1411
Secretary - Bebe

Bob is the Land Commissioner of Texas. As you know, he is one of your strongest and earliest supporters in Texas. He is accepted by several factions; despite his environmental inclinations, the oil people feel no animosity towards him. He could give you an honest post-trip analysis of your stops in Texas last week.

NOTES:

Never doubted his support in '76
was best contribution to USA

7/4

Bill Bradley
Princeton, New Jersey
(o) 201/964-1978

Bradley is the Democratic candidate for Senate in New Jersey; he will face former Reagan aide Jeffrey Bell in the general election race for Senator Case's seat. He was involved in a three-way primary with former State Treasurer Richard Leone (backed by Governor Byrne) and former State Senator Alexander Menza. Bradley won with 61% of the vote followed by Leone (27%) and Menza (9%). The central issue that Bell is campaigning on is the Roth-Kemp proposal to cut Federal taxes by 30%. 80% of Bell's \$500,000 primary budget came from out of state.

NOTES:

done
"Staying aloof from administration"

3-4

Telephone Calls - Week of July 3

Page three

Hal Pachios (phonetic: pashus)
Portland, Maine
(o) 207/775-5831
(h) 207/799-8783

Hal is the Democratic State Chairman for Maine - you met him at one of the recent breakfast briefing sessions. He worked as an assistant to the Press Secretary during the Johnson Administration. He is a successful attorney in Portland, close to Senator Hathaway, and very concerned about his race. He may bring up the status of Loring and Caswell Air Force Bases as well as Charleston Air Force Base in Maine. Loring, in particular, is being used by Cohen, Hathaway's opponent.

NOTES:

done

THE WHITE HOUSE
WASHINGTON

June 8, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
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handling.

Rick Hutcheson

DESIGNATION OF SEN. STEVENSON
AS REP. TO SPACE EXPO IN JAPAN

cc: Zbig Brzezinski
Tim Kraft
Frank Press
Jim Gammill

THE WHITE HOUSE

WASHINGTON

July 5, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *by Les Francis*

SUBJECT: Designation of Representative
to Space Expo in Tokyo, Japan

My staff, as well as Dr. Brzezinski's, have received requests for a Presidential representative to attend the upcoming Space Science Exposition in Tokyo on July 15, 1978.

Although there will be no official U.S. Government involvement, there will be exhibitions of American contributions to the exploration of outer space, and the Japanese Government has expressed a deep interest in your designating someone to attend the opening ceremonies. (You have previously designated individuals to similar ceremonies.)

I feel that Senator Stevenson, as Chairman of the Science and Space Subcommittee, would be our first choice as a suitable Presidential representative. If he were not able to attend, then Senator Glenn or Senator Ford would be our second and third choices respectively.

If you approve this recommendation, my staff will make the necessary inquiries and also have a letter prepared officially designating Senator Stevenson (or alternate choice) to represent you. As you will be at Camp David, we would like to use the autopen for the designating letter.

State, NSC, Tim Kraft, and Frank Press concur in this recommendation. Jim Gammill also concurs.

APPROVE _____

DISAPPROVE _____

DISCUSS _____

✓ - if necessary

J

THE WHITE HOUSE
WASHINGTON

June 8, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

RECOMMENDED TELEPHONE CALL

done
J
7/4/78

TO: Senator Abraham Ribicoff

DATE: June 30, 1978

RECOMMENDED BY: Bob Thomson *BT*

PURPOSE: To acknowledge his assistance on the Civil Service Reform bill.

BACKGROUND: Senator Ribicoff did an excellent job of getting his Committee to report out the Civil Service Reform Package last evening. He faced down a "filibuster" by Mathias and Stevens, who were hoping enough Senators would tire and leave for their vacations to prevent a quorum.

TOPICS OF DISCUSSION: 1. Thank the Senator for his fine work reporting out the bill.

2. You should avoid getting drawn into a discussion of the EEOC compromise we were forced to agree to in Committee. We may want to adjust our position slightly on the floor or in conference.

Date of Submission: June 30, 1978

Action _____

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

8 July 1978

TO: THE PRESIDENT

FROM: RICK HUTCHESON *See Simon for RH*

SUBJECT: Memos Not Submitted

1. SECRETARY HARRIS MEMO commending several of the 1978-1979 White House Fellows she recently interviewed. She mentioned that she has asked the current WH Fellow at HUD, Bryant Young, to stay on her personal staff after his Fellowship year.
2. EPA ADMINISTRATOR COSTLE sent you a report of a recent Harris poll noting a strong underlying support for "quality of life" issues. ~~(attached)~~. He also noted that while California voters passed Proposition 13, they also approved \$375 million for water pollution control proposals.
3. TIM KRAFT sent you copies of the WASHINGTON POST and "Time" Magazine articles about the outstanding ABC DOCUMENTARY ON YOUTH CRIME. If you are interested in seeing it, Tim will arrange it (with Phil).
4. BOB LIPSHUTZ responded to your note concerning questions about the letter to Congressman Boland. Bob says that this letter was prepared jointly by Sam Hoskinson of Zbig's staff and Lipshutz. It was Bob's understanding "that Sam furnished a copy of it to Zbig." Bob will do his best to minimize such "confusions and misunderstandings" in the future.
5. JODY POWELL NOTE to let you know that he has arranged for a major German TV crew to do a short photo session at the beginning of Monday's Cabinet Meeting, for use in their special programming in connection with your visit. There will be one crew in the room for about a minute and a half at the start of the Cabinet session.

THE WHITE HOUSE

WASHINGTON

July 6, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT *TK*
SUBJECT: ABC News Documentary

The ABC DOCUMENTARY on Youth Crime (note attached articles from the Washington Post and Time Magazine) is well worth seeing.

We can get it if you want it.

Straight from the Streets

ABC Takes a Hard Look at Youth Crime

By Tom Shales

The precarious reputation of ABC News takes a great leap upward tonight with the telecast of "ABC News Close-Up—Youth Terror: The View from Behind the Gun," an explosive, important and uncommonly immediate look at juvenile crime in the big city of the '70s.

Pam Hill, new executive producer



of the "Close-Up" series, and Helen Whitney, who wrote, edited and directed this report, have turned a sociological cliché into a riveting and profoundly disturbing television reality. They elected to let the kids tell their own story, without interference from narrator or on-camera reporter. This technique might not be applicable in all documentary situations, but here it works brilliantly and with great impact.

Unfortunately, the report is so powerful that a dozen ABC affiliates are expected not to carry it (it will be



A gun-wielding Brooklyn youth in ABC's youth crime special.

seen as scheduled in Washington on Channel 7 at 10), while others may delay it to later time periods, even though ABC has scheduled a follow-up 90-minute discussion for 11:30. "Youth Terror: Is There An Answer?" will feature some of the experts and authorities who were so wisely omitted from the program itself.

The reason some affiliates dropped out—and by refusing the program, they are effectively turning their backs on the problems it confronts so graphically—is the use of strong language by some of the participants. They are street kids and they use street talks. Their vocabulary in-

cludes, fleetingly but audibly, words and expressions not previously heard on a scheduled commercial network prime-time program.

Two or three of these words are on the list of the "Seven Dirty Words" spoken by comic George Carlin on a record album played by a New York radio station. A single listener objected to the broadcast, sued, and the case is now before the Supreme Court, where it may become part of the Court's current campaign to rewrite the First Amendment.

Most of the stations which have in-

See AIR, E9, Col. 1

Straight From the Streets: ABC Takes a Hard Look at Youth Crime

AIR, From E1

indicated they will not carry "Youth Terror" are located in the South. Three are in Texas. At WFAA in Dallas, General Manager Ward L. Huey insisted yesterday he would not air the program unless the rough language was edited out.

"We simply are most seriously concerned about profanity on television and this violates our policies," Huey said.

The program has been recommended by the National Education Association and praised in a publication of the National Council of Churches. Asked if he didn't think the seriousness and relevance of the subject matter justified bending the rules, Huey replied, "No."

ABC has rules against profane and obscene language on the air as well, but producer Hill said from New York that the decision to make an exception for this exceptional program came from the highest corporate levels at ABC—from ABC Television President Frederick S. Pierce, ABC Inc. President Elton H. Rule, and ABC Inc. Chairman Leonard H. Goldenson, all of whom saw and approved the program.

"The language is part of the life-style of these kids," Hill said. "It's an expression of their rage, really. To edit it out would be to limit that expression. It's indigenous to them; it is part of their world view."

A dozen chicken-hearted affiliates may not seriously diminish the impact of the program, however, since it will be seen in most of the large urban areas of the country where its subject is most crucial.

It is shocking to hear those four-letter words on television, but much of what these teen-agers say about themselves and their view of life is shocking even when it is not profane. Sometimes they talk as if their dialogue had been written by a socially conscious Hollywood scriptwriter: "Don't tell me crime don't pay, 'cause it does"; "This is a concentration camp, this is hell"; "You can't just ignore us, 'cause we exist . . . so why not give us a chance?"

The film opens with a startling image—a "Brooklyn youth" wielding a handgun and declaring, "This gun talks . . . This is what talks around this neighborhood." Later he brags about the number of crimes he has committed. "I alone have cost this city tens of thousands of dollars," he says.

During the monologue, the boy stands on a Brooklyn roof where he is commandant of a squadron of pigeons he keeps there. The director cuts to shots of the soaring pigeons—the boy's link to vicarious freedom—as he speaks of "breaking heads" and being "the boss." Whitney's editing of this segment is unerring and elegant; the juxtapositions are sublime and penetrating.

Hill started the project and then, when she was appointed "Close-Up" executive producer, turned it over to Whitney, who spent four months getting to know the kids before the camera crew came in. Since much of what they do on the street is to them a kind of theater anyway, they did not noticeably alter their behavior for ABC News, although after one outburst, one of the kids told Hill, "Maybe I shouldn't use that language, 'cause you won't be able to put it on television."

Though Whitney thought she'd won the confidence of most of the residents, her purse was stolen while she was filming in a New Jersey slum, and very early in the program, viewers will see a woman shoved onto the hood of a parked car during a street scuffle. That woman was Whitney.

She was asked if the presence of cameras might have actually incited some of the violence that is seen in the film, and why the crew didn't try to stop the fights that were shot. "We were in the process of getting a story, as opposed to intervening in a story," Whitney said. "These were minor outbreaks of random violence which we saw occurring whether our cameras were on or not. I think if we had gotten involved in them, they might have become very much worse. Besides, there were very few of us (five) and a lot of them."

The hour has its side effects. It really puts the lie to the TV image of the American inner city as put forth in such fraudulent entertainment programs as "Good Times," "Chico and the Man," "Sanford and Son," and numerous cop shows like "Starsky and Hutch." They don't begin to convey the despair, the deep and hopeless cynicism, or the curious brotherhood of victimization that actually exists. There are nothing but victims in this report—even the big shot with the gun seems, finally, pathetic and abandoned.

"It's a question about the have's and the have-not's," says one kid, contemplating the elusiveness of the Ameri-

can Dream. "What's a dream to you, is a nightmare to me."

Even when what they say is self-serving or self-glorifying, it can be alarming and revealing.

Hill decided from the inception of this project that the report would be in what ABC calls "non-narrative" form—modified cinema verite, with no narration—and she cites such inspirations as Frederick Wiseman and Marcel Ophuls. There is television precedent as well; some of the best pieces on Reuven Frank's "Weekend" show, on NBC, have been stories that told themselves.

Ironically, an NBC News documentary scheduled opposite the ABC special tonight—"NBC Reports: Escape From Madness"—suffers from the very impediments to communication that Hill and Whitney took pains to avoid. The hour-long report, at 10 on Channel 4, seems to further obfuscate its subject with each additional attempt at illumination.

Though capably narrated by Tom Snyder, the program seems the very enemy of clarity. It never fully explains to viewers the difference between neurosis and psychosis, spends its first quarter on a superficial psychological biography of singer Rose-

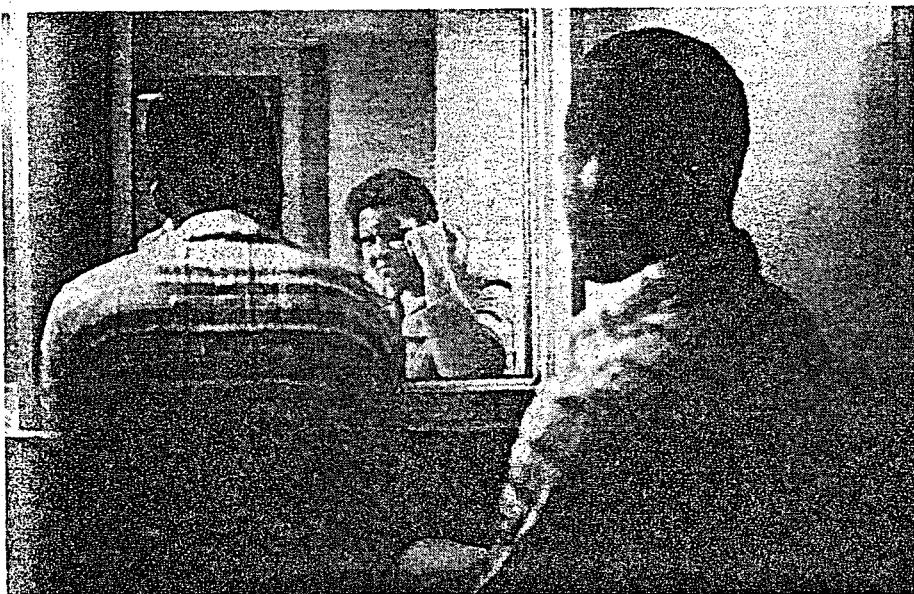
mary Clooney, and appears to be continually repeating introductions to topics rather than dealing with the topics themselves.

Producer Earl Ubell co-wrote the script with Snyder and it is a confusing botch; inserted re-enactments of actual events and lurid attempts to dramatize the symptoms of psychosis lack dignity and coherence. The program opens with images of madness straight out of "The Exorcist."

NBC News is considered a more "respectable" shop than ABC News, so it's surprising to see the tables turned tonight—ABC with the class act and NBC with the carnival.

There is a temptation to theorize that the "Close-Up" shows how journalists at ABC News can flourish when news boss Roone Arledge keeps his mitts off their work; some of the worst things on the first "20/20" were Arledge inspirations.

But Whitney said, "Roone gave us a completely free hand and nothing but encouragement" and Hill said, "Roone was always supportive." Knowing when not to meddle is one sign of executive smarts; the credit for "Youth Terror" might as well be passed around, because it is a striking and auspicious achievement.



In scene from ABC documentary, a New Jersey mother pays a visit to two sons in prison

Television

No Limits

YOUTH TERROR: THE VIEW FROM BEHIND THE GUN
ABC, June 28

This documentary on teen-age crime, a segment in the "ABC News Close-up" series, may be the most disturbing and dramatic news program ever seen on American commercial television. It is certainly the most explicit. The network recommends "parental discretion" in the opening credits, and as the show unfolds, that cliché takes on new meaning. There is graphic violence, to be sure: bloodied heads; a lone youth being attacked by three others, one of them swinging a baseball bat; an unflinching look at a junkie mainlining. And the street toughs and ghetto dwellers who provide the sole narration converse in four- and twelve-letter words that many movie theaters, not to mention TV sets, have never amplified. To view and hear all this is not easy, but it should not be missed; parental discretion is a poor reason for dissuading people from seeing what a lack of parental discretion has helped to create.

Filmed entire in the slums of New York City and Newark, the project took some nine months and posed hazards for Producer-Director Helen Whitney, whose voice can be frequently heard questioning the show's young subjects. Her purse was stolen during one interview, and she was slammed against the hood of a car during a street altercation. The menace is often palpable. When Whitney asks a group of young men where they draw the line at violence, one replies heatedly: "Ain't no limit. If I gotta kill you to get what I want, I'll kill you."

Such pathology cannot be explained through quick-cut *cinéma vérité*. The program's power rests not in analysis but in immediacy. The footage seems to have been shot in the fly-on-the-wall manner of Film Maker Frederick Wiseman, but the editing is both jumpier and crisper than in Wiseman's works. In one sequence, the camera pans up an icicle-festooned stairwell inside a Newark tenement, enters an apartment squalid beyond words and comes to rest on an infant cooing over its bottle. No one states the obvious: that child will never have a chance. The faces of parents appear, studies in anger and bewilderment. Visibly, they are passing on pain to children doomed to repeat the same cycle.

Equally shocking are the voices of the hoodlums. They seem at first to be speaking another language, easily recounting acts of aggression and mayhem that might give even hardened criminals pause. Asked why an ice pick was his preferred weapon in a previous assault, a thin, pale, seemingly fragile boy chuckles and answers, "Internal bleeding." The more they talk, the less monstrous they become: "I wouldn't mind goin' to school if I knew how to read ... My dreams scare me ... I want somebody to know I been here ... I can't do nothing. I can't function ..."

Everyone connected with this enterprise deserves praise: the "News Close-up" staff for making it, the network for accepting it, and, though some have balked, the affiliated stations for carrying it. Nothing has been done to prettify this study of the effects of poverty, racism and some ineradicable germ of human ignorance. Near the end, one youth gestures emphatically at the ground: "I've been around here for 21 years. This is hell. Believe me." Seeing this stunning program is believing.

— Paul Gray

Theater

Brain Crash

WINGS by Arthur Kopit

A serious illness is a prison from which there are only two exits: recovery or death. Arthur Kopit's new play *Wings* is a message smuggled out from that terrifying Gulag inhabited by a stroke victim. At the beginning of this excellent production now visiting Manhattan's Public Theater from the Yale Repertory Theater, an elderly woman sits reading in an easy chair, a clock ticking at her side. Suddenly the clock stops, the lamp goes out, and there are loud noises. Mrs. Stilson (Constance Cummings) has had a stroke.

When she finds herself in the hospital, she cannot understand what happened; and, though she tells her thoughts to the audience, the doctors cannot understand her. At first she thinks they are deliberately refusing to listen. Then Mrs. Stilson, who was once a stunt pilot, realizes the truth: her wings have failed her. "As near as I can figure," she says, "I was in my brain and crashed." Slowly, like a child, she learns the words for everyday things and slowly recovers until, at the end, she suffers another stroke and escapes for good.

As Kopit has written it, *Wings* is more a poetic vision than a full-scale play, and Mrs. Stilson tells her story in one act of an hour and 40 minutes. It is a peculiarly compelling vision, however, and Cummings, 68, making one of her too rare American appearances, gives a brilliant performance in what is almost a one-woman show. She gives each gesture the perfect size and commands every nuance; John Madden has directed with proper as-tringency. *Wings* is in every sense a high flyer.

— Gerald Clarke



Constance Cummings in *Wings*
Report from a terrifying Gulag.



United States
Environmental Protection Agency
Washington, D.C. 20460

The Administrator

July 5, 1978

MEMORANDUM TO THE PRESIDENT

FROM: Douglas M. Costle

I thought you should see this report of a recent Harris poll. There is obviously still strong, underlying support for "quality of life" issues.

Even more tangible than the polls, while California voters were passing Proposition 13, they also voted approval of \$375 million for water pollution control proposals.

Attachment

A large, stylized handwritten signature, likely of Douglas M. Costle, is written in the lower right area of the page. The signature is fluid and cursive, with a prominent loop at the top.



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

June 30, 1978

RL
The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Last week, my staff and I interviewed several of the individuals selected as White House Fellows for 1978-1979. The men and women we talked with were extraordinarily impressive; I would be pleased to have any one of these outstanding individuals serve on my staff.

Based upon my experience with other White House Fellows, I was confident that the new Fellows would be of the highest caliber. Bryant Young, the current White House Fellow at the Department of Housing and Urban Development, has been invaluable to me this past year as one of my special assistants. My confidence in his ability and integrity is evidenced by the fact I have asked him to remain on my personal staff after his Fellowship year. A former White House Fellow and member of the President's Commission on White House Fellows, Jane Cahill Pfeiffer, is presently serving with great distinction on the Board of the New Communities Development Corporation in this Department. In addition, both Congressman Tim Wirth and Pug Ravenel, two first-rate leaders for whom I have recently campaigned in Colorado and South Carolina, are former White House Fellows.

I assure you this program has my wholehearted support, and I look forward to having White House Fellows on my personal staff each year in the future.

Respectfully,

A handwritten signature in cursive script, reading "Patricia Roberts Harris", is written over the typed name.

Patricia Roberts Harris



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

JUN 30 1978

The President
The White House
Washington, D.C. 20500

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I assure you this program has my wholehearted support, and I look forward to having White House Fellows on my personal staff each year in the future.

Respectfully,

/s/ Patricia Roberts Harris

Patricia Roberts Harris

THE WHITE HOUSE

WASHINGTON

July 7, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

Bob Lipshutz *BJA*

SUBJECT:

Letter From You To Congressman Boland
In Response To His Letter

I have received from you a copy of your letter, as revised and sent to Congressman Boland.

I note that Dr. Brzezinski indicated that he had not seen the other draft of the letter which I forwarded to you before it went to you. This letter was prepared jointly by Sam Hoskinson of Dr. Brzezinski's staff and me, and it is my understanding that Sam furnished a copy of it to Zbig.

Whatever the confusion in this instance, I will try to make certain that we minimize such confusions and misunderstandings in the future.

THE WHITE HOUSE

WASHINGTON

July 7, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Jody Powell *JHP*

Just wanted to warn you that we have arranged for a major German TV network crew to do a short photo session at the beginning of the Cabinet meeting, for use in their special programming in connection with your visit. There will be one crew in the room for about a minute and a half at the start of the Cabinet session.

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



The President
The White House
Washington, D.C. 20500



E-2

44

~~SECRET~~
~~EYES ONLY~~

July 6, 1978

MEMORANDUM FOR JODY POWELL

From: Charlie Schultze

Subject: Labor Market Developments and Producer (Wholesale)
Prices in June

Attached is a copy of a memorandum for the President on labor market developments and producer prices in June.

Suggested Reaction

The increase in employment and the drop in unemployment over the past year and a half is a major accomplishment of the American economy. (Note: stress the whole period, not the last month, since it is possible that some of the decline in June 1978 may be an aberration, and might be reversed next month.) There are one and three quarter million less people unemployed than there were at the end of 1976. There are 5.7 million more people with jobs. The United States has made more progress than any other industrial country in putting people back to work after the deep recession of 1975. The President is highly gratified at this result.

While we have done well -- and even better than expected -- in fighting unemployment, we have not done so well in fighting inflation. The price index of finished goods at wholesale -- which was released today -- showed a rise in June of 0.7 percent -- the same rise as in May. This is far too large an increase. The Administration is determined to turn back the inflationary threat -- in ways which do not sacrifice the gains we have made in employment and unemployment.

Yesterday, OMB released its Mid-year Budget Review which reflected one major set of steps which have been taken to combat inflation. The estimated budget deficit for 1978 was reduced by \$11 billion, and the deficit for

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for Preservation Purposes

~~EYES ONLY~~
~~SECRET~~

DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-13-13-1-2
BY: KS NARA DATE 6/10/12

~~SECRET~~
EYES ONLY

-2-

1979 by \$12 billion below the earlier projections. The President intends to work with the Congress and to do everything in his power to keep Federal spending at or below the new lower levels set forth in that Budget Review.

Attachment

EYES ONLY

~~SECRET~~

~~SECRET~~
~~EYES ONLY~~

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

EYES ONLY

July 6, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze

Subject: Labor Market Developments and Producer (Wholesale)
Prices in June

The Bureau of Labor Statistics will release tomorrow (Friday, July 7) at 9:00 a.m., its regular monthly report on employment and unemployment, and also its report on producer (wholesale) prices in June. The figures contain some more surprises -- only part of which are pleasant.

Employment and Unemployment

Unemployment dropped from 6.1 percent in May to 5.7 percent in June! Since December 1976, the unemployment rate has dropped by 2.1 percentage points. It is well below our expectations, even though economic growth over the period has behaved about as forecast.

Total employment rose by a little over 700,000 last month -- an enormous increase. The civilian labor force rose by much less -- a bit over 300,000. The improvement in unemployment was widespread by age and sex categories. White teenage unemployment fell especially sharply -- from 13.8 percent in May to 11.6 percent in June. The black unemployment rate, however, continues to show less improvement than that for whites. The ratio of the black to the white unemployment rate is now 2.4, compared with 2.1 a year ago.

Changes in employment and unemployment of the magnitudes that occurred in June do not jibe with the story other statistics are telling about economic activity. Apart from construction, the pace of economic expansion appears to have slowed materially in May and to have stayed moderate in June. For example, the total number of hours worked by production workers in the private nonfarm economy was actually somewhat lower in May and June than in April.

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for Preservation Purposes

~~EYES ONLY~~
~~SECRET~~

DECLASSIFIED
Per: Rac Project
ESDN: NLG-126-13-13-1-2
BY: R/S NARA DATE 6/10/13

~~SECRET~~
EYES ONLY

-2-

There are several possible explanations for these developments:

- a) The data may contain some statistical aberrations. For example, agricultural employment increased sharply in June. This is an erratic series and contains large numbers of unpaid family workers. Also, the 470,000 increase in total nonagricultural employment as measured by the household survey greatly exceeded the 270,000 increase in employment obtained from a survey of nonfarm business firms.
- b) Businesses may still be optimistic about sales, and are hiring in anticipation of increased production.
- c) Productivity gains may still be very weak.

We will be trying to sort out the pieces of the puzzle as more information becomes available.

A pleasant surprise in the labor market data was the fact that the average hourly wage increase in June was comparatively modest -- 0.5 percent. Since last December, average wage rates have risen at an annual rate of 8 percent -- about 7-1/2 percent excluding the effects of the minimum wage. Over the past three months, however, the annual rate of rise has been under 7 percent.

Producer (Wholesale) Prices

The producers' price index for finished goods rose by 0.7 percent again in June, and this is the average rate prevailing since last October.

Consumer food prices at wholesale continued to rise strongly in June -- by 1.1 percent. Prices of fresh fruits and vegetables rose sharply, after declining in May. Meat prices rose further, but less rapidly than in previous months. Dairy products were also up substantially.

Prices of crude foods and feedstuffs also rose significantly in June. Poultry was up nearly 14 percent, and livestock rose an additional 3 percent. Cattle prices are moving up again in early July, but they are still below their peaks in early June. These developments portend further substantial increases in consumer food prices over the next month or two.

EYES ONLY
~~SECRET~~

~~SECRET~~
EYES ONLY

-3-

Outside of the food area, the rise in finished goods prices slowed from 0.8 percent in May to 0.6 percent in June. An annual rate of increase of over 7 percent has prevailed over the past three quarters. Price increases over this period have been fairly widespread and as yet show no sign of abatement.

I am attaching a copy of a suggested reaction which I have sent to Jody Powell.

Attachment

EYES ONLY

~~SECRET~~

THE WHITE HOUSE
WASHINGTON

July 8, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: The Vice President
Hamilton Jordan
Jack Watson
Stu Eizenstat

WEEKLY LEGISLATIVE REPORT

ADMINISTRATIVELY ~~CONFIDENTIAL~~

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Per, Rac Project
ESDN: NLC-126-13-13-201
BY KS NARA DATE 6/10/13

THE WHITE HOUSE

WASHINGTON

July 5, 1978

C
/

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

The attached report covers the period June 26 - July 9.
The next report will be prepared July 16, following the
post-recess legislative week.

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for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

July 5, 1978

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-13-13-2-1

KS NARA DATE 6/10/13

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

DOMESTIC POLICY ISSUES

1. NATIONAL ENERGY ACT

--Conservation: DOE reports no new information on House and Senate positions on the gas-guzzler issue. A Conference meeting is expected early next week.

--Coal Conversion is expected to go to the Senate Floor next week.

--Energy Taxes: The Senate/House Conference on H.R. 5263, in recess since December 1977, is scheduled to meet on July 13.

*I thought
that get
would
come
first.*

2. TAX PROPOSAL

--Secretary Blumenthal is meeting with Ways and Means Democrats individually in an effort to get a majority lined up behind a straight tax cut.

--Congressman Mikva (D-Ill) is organizing a July 11 press conference with about twenty Members to attack Steiger-type proposals. The DNC and the citizens tax reform group are also working on the educational effort. Presently, no proposal has more than 16 votes in the Committee. Our straight tax cut proposal faces difficulty with many who fear Steiger and Kemp/Roth-type amendments should it reach the Floor.

3. REORGANIZATION

--Civil Service Reform and Reorganization - The Senate Governmental Affairs Committee voted out the reform legislation Thursday evening, June 29; the vote was 11 to 2 (Mathias and Stevens opposed us). There was a very stormy session earlier in the day when the Committee considered the EEO compromise which the Administration negotiated (not without a great deal of pain and anguish) with Javits. Our goal was to preserve the integrity of Reorganization Plan No. 1 (EEOC) while, at the same time, satisfying Ribicoff and Javits. The committee accepted the compromise, but the victory was costly: Clarence Mitchell denounced the terms of the agreement

Electronics Copy Made
for Preservation Purposes

vehemently and directed a considerable amount of his anger at the Administration. As we noted in an earlier memo to you, much of the tension on this issue is attributable to a worsening personal feud between Ribicoff and Mitchell.

--As finally approved, the Senate Committee version of the bill is generally to our liking. However, it does not contain an acceptable modification of Veterans' Preference and it does have a few bothersome additions (4-year term for Director of OPM, co-terminous with the President's; pre-termination hearings prior to dismissal of persons within the Senior Executive Service). The Committee report and the bill will be filed on Monday, July 10; Scotty Campbell and his staff, working with OMB and DPS, will prepare an analysis of the report and will draft Administration amendments for the floor.

--Members of our Legislative Task Force will begin immediately to devise a Senate floor strategy and begin to gather some preliminary vote counts.

--The House Post Office and Civil Service Committee made some progress during the days just prior to recess (they have almost completed work on Title III). Our major victory came on Wednesday, June 28, when the Committee voted to accept our proposed compromise on Veterans' Preference which was offered by Pat Schroeder. The vote was as follows: YES (16) Nix, Udall, Ford, Clay, Schroeder, Lehman, Spellman, Harris, Solarz, Myers, Heftel, Garcia, Metcalfe (proxy), Ryan, Leach, Corcoran (proxy); NO (9) Hanley, Wilson (CA) (proxy), White, Derwinski, Rousselot, Collins (proxy), Taylor, Gilman, Lott.

--You might want to call Schroeder and thank her for a job well done.

--The major issues remaining to be confronted by P.O. & C.S. are the Senior Executive Service (which Spellman will attempt to gut) and the labor relations section (Title VII); Scotty Campbell and Wayne Granquist (OMB) are working on the latter.

--Our task force will also begin working on a House floor strategy in anticipation that the bill will come up in the next several weeks, hopefully before the August recess.

--As we reported to you last week, the House Government Operations Subcommittee chaired by Jack Brooks voted to approve Reorganization Plan No. 2. The full Committee is likely to follow suit the week of July 10.

--Education - On June 29, Chairman Brooks introduced a bill to create a Department of Education minus the Head Start transfer. Co-sponsors of the bill include Representatives Blouin and Frank Thompson. It is anticipated that hearings will begin mid-July. Mark-up in the Senate should occur the week following recess.

--Emergency Preparedness - Hearings were held Monday, June 26 and Thursday, June 29, in the House Legislation and National Security Subcommittee. All witnesses spoke in favor of the plan. Additional hearings are not anticipated in either House. We are continuing to negotiate the outstanding issues.

--Border Management, Law Enforcement - OMB is working toward transmitting the plan to the Hill July 10.

4. HOSPITAL COST CONTAINMENT

--The House Commerce Committee will resume consideration on Tuesday. Chairman Rogers has indicated that with two good days of work the Committee will report a bill.

--Pending is an amendment by Richardson Preyer (D-N.C.) which would mitigate the Stockman amendment (increased admissions exemption).

--When reported by the Commerce Committee, the action will shift to Ways and Means.

5. ELEMENTARY AND SECONDARY EDUCATION

--The House is expected to take up H.R. 15, the elementary and secondary reauthorization package, on Tuesday, July 11. Three crippling amendments by John Ashbrook are expected and, if the past is any indication, a host of additional amendments will be offered; including some to cut back on impact aid. Bill Ford probably will offer a package amendment to cut the impact aid section of the bill by \$215 million in an attempt to fend off other impact amendments.

6. WELFARE REFORM

--On Wednesday of last week, Moynihan and Cranston announced plans to introduce a welfare bill. Russell Long will be a co-sponsor. HEW reports that the bill cannot in any sense be considered reform. It consists of three basic components: (1) an expanded earned income tax credit; (2) fiscal relief; and (3) expansion of tax credits for employers who hire welfare recipients. The Senators plan to use the tax bill or perhaps H.R. 7200 (SSI improvements and Child Welfare Services) which is now on the Senate calendar as the vehicle for their welfare proposal. HEW believes that enactment of this kind of welfare bill would probably mean that true welfare

Fight it - both houses

reform would have even less chance for approval in the next Congress.

7. NEW YORK CITY FINANCING

--By a vote of 53 to 27, the Senate Thursday approved the NYC financial aid legislation. We were successful in defeating all proposed amendments.

--Although WHCL was involved, the people at Treasury are the ones who deserve a real "pat on the back" for an outstanding job.

8. URBAN POLICY

--Supplemental Fiscal Assistance - Following a meeting with Eizenstat and Treasury, Chairman Fountain agreed to begin mark-up the week of July 17. Treasury and Wexler are working with public interest groups.

--National Development Bank - Hearings are tentatively scheduled:

- House Banking Subcommittee on Economic Stabilization - July 18 - 20

- House Public Works Committee - Week of July 17

--Treasury, Commerce, HUD and Wexler are working closely, but they are meeting much resistance on the Hill.

--State Incentive Grants - On June 27, Secretary Harris testified before Senator Muskie's Intergovernmental Relations Subcommittee. Muskie indicated that he has significant differences with our bill and may offer substitute legislation of unknown shape.

--More hearings will be scheduled after the recess.

--LIPW/LPW - The Subcommittee on Economic Development of the House Committee on Public Works and Transportation completed three days of hearings last week on the Labor Intensive Public Works Program and Local Public Works Round III. It appears that the Committee is being reinforced in its earlier position that LIPW and LPW should go together in one package.

--You will be meeting with Chairman Johnson, Roe, Randolph and Burdick on Tuesday, July 11.

--Commerce and Eizenstat and others on DPS will be meeting with key Members of House Public Works, Senate Environmental and Public Works, Senate Budget, Joint Economic, House Rules and House and Senate Republican Leadership.

--CETA - CETA is likely to come to the House Floor late in July and to the Senate early in August.

--Major issues are likely to be wage rates for public service jobs and Proposition 13 "remedies" for California.

9. SURFACE TRANSPORTATION

--The Ways and Means Committee has scheduled the Gibbons/Conable amendment for July 11.

--Secretary Adams, Ambassador Strauss and Wexler are meeting in the White House on July 6 with representatives of the highway/transit lobbies to discuss the inflationary impact of the pending Surface Transportation Act of 1978.

10. NO-FAULT

--DOT reports that No-Fault may be taken up following Hospital Cost Containment in the House Commerce Committee. DOT is seeking clarification from the Speaker and Senator Byrd about floor schedules -- DOT feels we have the votes on the Committee if the Leadership is serious about scheduling it this year.

11. LABOR LAW REFORM

--The Human Resources Committee held a hearing on Thursday, June 29 to receive testimony from Senators who might have suggestions for modifications in the bill. Senators Lugar and Melcher testified. Lugar is against the bill; he recommended that it not be reported this session. Melcher testified in support of the Byrd substitute, outlining how it would help small business.

--The AFL-CIO and UAW are working through their national and state organizations to convince certain Senators to vote for cloture. Secretary Marshall is also doing some follow-up work with Senators to see what is needed. We will bring all parties together next week to assess where we are and what additional work must be done. We cannot hope to get a bill if the Senate does not consider it before the end of July.

12. HUMPHREY-HAWKINS

--The Senate Banking Committee manhandled the Humphrey-Hawkins bill at its final mark-up on Wednesday, June 28. Senators Stevenson, Proxmire and Schmitt conspired to engineer an amendment which would require a specific inflation goal of 0% by 1983. The amendment prevailed on an 8-7 vote. Senator Sparkman who had previously given commitments to vote with us did not do so. The coalition supporting the bill is demoralized and some are muttering that if the 0% inflation goal is not deleted on the

Senate floor they will walk away from the bill. An attempt is being made to develop a procedure whereby the Human Resources Committee bill (which does not contain a specific inflation goal) would be treated as the main bill and the Banking Committee amendments would be offered separately. This would give supporters the advantage of being able to move to table the inflation amendment.

--A substantial amount of lobbying will have to be done to bring out a bill from the Senate which is closer to the House version. There is now talk of a filibuster on the bill. Senator Byrd will not be anxious to take it up if that is the case.

13. ALASKA D-2 LANDS

--Senate mark-up will continue on July 11. The long-range problems involving the scheduling of the bill once it is reported have not been resolved.

14. HOUSING AND COMMUNITY DEVELOPMENT

--On Thursday, June 29, the House accepted the Brown one house veto amendment to the HUD Authorization Bill. The House will complete work on the bill on July 17. The Abdnor amendment to halt the HUD reorganization will be the first order of business. HUD CL believes Abdnor will be defeated.

15. OIL IMPORT FEES

--The Dole amendment to the Treasury appropriations bill to bar the use of any funds to administer oil import fees passed the Senate by a voice vote after a motion to table was rejected 49 to 39.

--We expect Dole or one of his allies to offer similar amendments to other legislation, e.g., the energy appropriations bill or the DOE authorization bill. Every effort will be made to remove the Dole amendment from the bill in conference. Further attempts to press this issue may materialize while you are at the Summit. We will ask the Leadership to not schedule legislation which would present Dole and others with such opportunities while you are out of the country.

16. APPROPRIATIONS

Treasury-Postal Service

--In addition to the Dole amendment the Senate passed the bill with the following major amendments:

A Roth (R-Del) amendment was approved providing a 2% across-the-board reduction in funds appropriated in the bill except for the U.S. Postal Service appropriation. This reduction is estimated at \$144 million. The language is less flexible than in the House across-the-board cuts.

A McClure (R-Idaho) amendment was approved restoring the House-passed amount of \$131.3 million for the Bureau of Alcohol, Tobacco and Firearms. This action reflects a reduction of \$4.2 million below the budget request in an attempt to prevent ATF from implementing firearms registration regulations. Treasury reports that we now have an overwhelming job if we pursue the gun regulations next year. They also advise that we should seriously consider sending up a supplemental request.

A DeConcini/Sasser amendment was accepted barring the use of funds in this or any other Act for the purchase of goods and services whose prices exceed the guidelines set by the Office of Federal Procurement Policy.

Present status:

(in millions of dollars)

	<u>Request</u>	<u>House</u>	<u>Senate</u>
1979 Appropriations	9,203	-29	-367
Not funded due to lack of authorization		(---)	(-174)
Estimated effect of 2% reduction in controllable programs		(---)	(-144)
Discretionary funding		(-29)	(-70)
GSA building construction		(---)	(+21)

Agriculture

--Agriculture reports that Senator Eagleton completed nearly six hours of hearings on Wednesday, putting the House add-ons (\$64 million) under a microscope and making it fairly clear he hopes to slash them considerably when the Subcommittee begins mark-up on July 19. USDA witnesses were on hand during the entire hearings to refute the so-called justifications of the add-ons, while representatives of colleges and universities who would benefit were there to plead their cases. Eagleton is particularly troubled by the \$21 million request for construction money for a nutrition lab at Tufts University. The Administration requested zero funding for Tufts construction.

Labor-HEW

--During the week of July 10 or 17, the Senate Appropriations Committee (Magnuson) will mark-up the FY 79 Department of Labor and Health, Education and Welfare appropriations bill. The Subcommittee deferred consideration, until full committee consideration of funding for Basic Educational Opportunity Grants (BEOGs) program; and anti-busing and anti-affirmative action amendments.

FOREIGN POLICY ISSUES

1. TURKISH ARMS EMBARGO

--Defense reports that Senator Stevens' hearing "went well" and that they are "certain Stennis will issue a favorable report before

the Senate vote on the issue" (week of July 17).

--State reports that "vote estimates look better every day". Efforts over the past two weeks -- the Greek-American meeting in the White House, the White House seminar on foreign affairs, and the last Leadership breakfast -- have all paid dividends. Some fall-off must be anticipated during the Congressional recess, and extensive efforts will still be required during July if we are to turn the current favorable trend into a success in both the House and Senate.

--During the week of July 10, the briefings will continue. Ambassador Spiers will be in Washington to talk to as many individual Congressmen as possible. Secretary Brown and General Jones will host one breakfast each at the Pentagon. State has requested further White House activity, including at least one large breakfast session for Congressmen, when you return from Europe.

2. FOREIGN ASSISTANCE APPROPRIATIONS/IFI'S

--The foreign assistance appropriation will probably come up in the House during the week of July 17. Major issues are (a) funding levels and (b) prohibitions on assistance to countries and commodities. Members will try to find ways to get at the Cuba-in-Africa issue. We can expect the Senate Appropriation Subcommittee to restore some House cuts and to remove some restrictions, but Chairman Inouye feels he must go to the Senate floor with a bill which will not trigger extended debate.

--On IFI'S, Treasury reports that the Vietnam drawing approved by the IMF last week will attract the attention of House and Senate opponents. Treasury also predicts that Senator Dole may attack the Witteveen Facility on the Senate floor and could even offer amendments as he did last year on the IFI authorization bill.

--Senator Mark Hatfield has sent word that his displeasure over the Treasury's position on the Abourezk/Hatfield human rights amendment to the Witteveen Facility may lessen his support for the foreign aid bill. Hatfield voted for a 5% across-the-board cut of the AID authorization bill on Monday. This sort of vote is a first for Hatfield, and could spell trouble for the IFIs.

3. FOREIGN AID AUTHORIZATION

--By a vote of 49 (33D; 16R) - 30 (15D; 15R) the Senate last week passed the International Development Assistance Act of 1978 which includes all bilateral aid accounts except the Economic Support Fund. Several foreign aid stalwarts were among the absentees, among them Javits, Clark, Humphrey, McGovern and Percy. Before final passage, it approved a Byrd (Va.) amendment cutting the total amount authorized by 5% (\$93 million), leaving it to the

Appropriations Committees to decide in which accounts and in what amounts the cuts will be made. This is the first meat-ax cut made by the Senate to a foreign aid bill in recent memory. Also approved were amendments to prohibit aid to countries harboring terrorists and gross violators of human rights.

4. DEFENSE AUTHORIZATION

--The Senate is scheduled to take up the DOD Authorization Bill on Monday, July 10. Secretary Brown has sent the appeal letter to Senator Stennis and Congressman Price on the issues which concern us in the House-passed version.

5. SALT

--At Senator Cranston's request, Secretary Brown joined Cranston, McIntyre, Leahy, Stafford, Hart, Culver, Chafee, Kennedy, Glenn, Pell and Bumpers to discuss SALT matters. DOD reports that it was a constructive meeting and that this group may well provide leadership when the SALT agreement reaches the Senate.

MISCELLANEOUS

Nominations

Omi Walden - On June 29, the Senate Energy Committee conducted a confirmation hearing on the nomination of Omi G. Walden to be DOE Assistant Secretary for Conservation and Solar Applications. Senators Jackson and Metzenbaum (the only two Members present), both indicated their support for Ms. Walden's confirmation. The Committee is scheduled to vote on the nomination on July 11.

Henry Geller - Confirmed by the Senate on June 28.

--Gartner Hearing: USDA reports that Senate Agriculture Committee Republicans could hardly contain their glee as they urged Dave Gartner not to accede to demands for his resignation from the CFTC. Although most of the rhetoric came from Jesse Helms, Orrin Hatch and Bob Dole, Democrat Kaneaster Hodges came across as the biggest critic of the Administration.

--Taxation of Fringe Benefits: By a vote of 386 to 12, the House on Thursday, June 29, approved legislation prohibiting the IRS from implementing proposed regulations on the taxation of fringe benefits.

--PL-480 Agreement with Korea To Go Ahead: State reports that Speaker O'Neill and Jim Wright have indicated general concurrence with the proposal to sign a \$59.4 million PL-480 agreement to make concessional sales of wheat and corn to Korea which will be funded out of the FY 78 budget.

FLOOR ACTIVITIES, WEEK OF JULY 10

House

Monday - 6 suspensions:

1. HJ Res 613, National Grandparents Day
2. HJ Res 1007, Asian-Pacific American Heritage Week
3. HJ Res 773, National Port Week
4. HR 12605, Public Telecommunications Finding Act of 1978
5. HR 13087, Authorize Issuance of Substitute Treasury Checks
6. HR 12106, Transportation Safety Board Authorizations

HR 12536, National Parks and Recreation Act of 1978 (conclude considerations).
HJ Res. 1024, Urgent Supplemental Appropriations for Agriculture.
HR 10311, D.C. Redevelopment Act Amendments.
HR 13244, Transfer U.S. Real Property to D.C. Redevelopment Land Agency.
HR 12116, Home Rule Charter Amendments.

Tuesday - 6 suspensions:

1. HR 11153, Reclamation Safety of Dams Act.
2. HR 11226, Water Research and Development Act.
3. HR 11655, Water Resources Planning Act.
4. HR 10787, BLM Authorizations.
5. HR 11827, Surface Mining Authorizations.
6. Joint Fisheries Ventures.

HR 15, ESEA Amendments of 1978

Wednesday

H. Con. Res. 599, Proposed Export of Uranium to India.
HR 15, ESEA Amendments of 1978 (conclude consideration).
HR 12163, DOE authorizations for FY 1979

Thursday

HR 11392, DOE Civilian Programs Authorizations for FY 1979.

Friday

HR 12432, Civil Rights Commission Act of 1978 (conclude consideration).
HR 1609, Coal Pipeline Act of 1978

Senate

Monday -- S. 2571, FY 79 Military Procurement Authorization Bill.

Also expected to be taken up during the week:

- S. 3079, FY 79 Military Construction Authorization.
- S. 2391, Extend life of Commodities Futures Trading Commission
- S. 2899, Endangered Species Act Program Authorization.

David File

THE WHITE HOUSE

WASHINGTON

July 7, 1978

Mr. President:

Sec. Marshall called ~~this~~ ^{yesterday} afternoon
to inform you of the progress of the rail
negotiations. He implied that a favorable
settlement to government guidelines was
close. The Camp David operators know
where to reach him if you care to talk
with him.

Phil

Phil

David file

Done

THE WHITE HOUSE
WASHINGTON

July 8, 1978

Mr. President:

Shall I arrange church services with Chaplain Reid
at Camp David for 10:00 am?

☒ yes ☐ no

What time would you like to depart for Washington on
Sunday? (1/2 hour ride)

6:00 p.m.

Phil

Phil

THE WHITE HOUSE

WASHINGTON

RECOMMENDED TELEPHONE CALL

*Not
done
J*

TO: Secretary Andrus

DATE: July 6, 1978

RECOMMENDED BY: Frank Moore, ^{J.M./pb} Bob Thomson and
Department of Interior Congressional Liaison

PURPOSE: To show your support for the Administration's
bill re Alaska lands.

BACKGROUND: The environmental people who support our
position on the Alaska lands issue have
requested that we find a way to make more
visible your strong support of the
Administration bill. We are meeting
regularly with them to implement a
strategy for getting the bill scheduled
this year.

Secretary Andrus is in Alaska with Members
of Congress and other officials viewing the
lands involved and discussing the issue. A
telephone call from you to Secretary Andrus
followed by a brief White House press release
on the call would please our allies in the
environmental community immensely. Such a
call would have great news value to the
press travelling with Andrus.

The Secretary will be reachable at the Mt.
McKinley Park Station Hotel at 11:00 p.m.
tonight (our time), 6 July, 1978. The
telephone number is (907) 683-2215.

We have conferred with Jody's office and they
are prepared to issue the release and
handle press arrangements if you decide to
make the call.

- TOPICS OF DISCUSSION:
1. You should ask the Secretary for a report on his trip.
 2. You should ask the Secretary to express your continued strong commitment to the Administration proposal for protecting and preserving, as much as possible, Alaska's unique environmental assets.
 3. You should emphasize the Administration bill represents a compromise where resource conflicts exist. Where potential conflicts remain, we have included areas within proposed parks and refuges only after determining that scenic, recreational or fish and wildlife interests far outweigh any potential for economic development within the affected areas.

Date of Submission: July 6, 1978

Action _____

PRIORITY
PRECEDENCE

UNCLAS
CLASSIFICATION

FOR COMMCENTER USE ONLY

FROM: *BILL SIMON*
TO: *PHIL WISE FOR*
THE PRESIDENT

INFO:

DEX _____

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PAGES *2*

TTY _____

CITE _____

DTG: *062106Z JUL 78*

RELEASED BY:

GTH

TOR: *062112Z JUL 78*

SPECIAL INSTRUCTIONS:

CAMP DAVID: PLEASE HOLD FOR
PARTY'S RETURN

78 JUL 26 PM 5:12

THE WHITE HOUSE

WASHINGTON

RECOMMENDED TELEPHONE CALL

TO: Secretary Andrus

DATE: July 6, 1978

RECOMMENDED BY: Frank Moore, ^{J.M./pd} Bob Thomson and
Department of Interior Congressional Liaison

PURPOSE: To show your support for the Administration's bill re Alaska lands.

BACKGROUND: The environmental people who support our position on the Alaska lands issue have requested that we find a way to make more visible your strong support of the Administration bill. We are meeting regularly with them to implement a strategy for getting the bill scheduled this year.

Secretary Andrus is in Alaska with Members of Congress and other officials viewing the lands involved and discussing the issue. A telephone call from you to Secretary Andrus followed by a brief White House press release on the call would please our allies in the environmental community immensely. Such a call would have great news value to the press travelling with Andrus.

The Secretary will be reachable at the Mt. McKinley Park Station Hotel at 11:00 p.m. tonight (our time), 6 July, 1978. The telephone number is (907) 683-2215.

We have conferred with Jody's office and they are prepared to issue the release and handle press arrangements if you decide to make the call.

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Date of Submission: July 6, 1978

Action _____

THE WHITE HOUSE

WASHINGTON

ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *JS*
SUBJECT: Letter from Senator Jackson

Senator Jackson has sent you a thoughtful proposal on Middle East policy, (Tab B). This is the most concise statement we have seen of the arguments in favor of a separate agreement between Egypt and Israel. As you know, this has been the Israeli objective ever since Sadat's visit to Jerusalem.

I do not believe that it is advisable for you to get into a detailed discussion by letter on this issue. Therefore, I recommend a short non-committal response along the lines of the letter at Tab A.

RECOMMENDATION: That you sign the response at Tab A.

7 Quad H- FYI
H. J. H. J.
THE WHITE HOUSE
WASHINGTON

July 7, 1978

To Scoop Jackson.

Thank you very much for your thoughtful and timely memorandum on the Middle East situation. Your letter certainly provides a concise and cogent statement of the rationale in favor of a separate peace agreement between Egypt and Israel. I am glad you brought to my attention your concerns with our policy of seeking a comprehensive peace settlement, and I shall insure that your views will be given the most serious consideration in the development of our policy over the coming weeks and months.

Sincerely,

Jimmy

The Honorable Henry M. Jackson
United States Senate
Washington, D.C. 20510

HENRY M. JACKSON
WASHINGTON

4082

ROOM 137
RUSSELL SENATE OFFICE BUILDING
WASHINGTON, D.C. 20510

United States Senate
WASHINGTON, D.C.

June 29, 1978

The President
The White House
Washington, D.C.

Nsc
CONGRESSIONAL
LIT. DIV.

JUN 30 1978
cc: Beckel

Dear Mr. President:

I am taking the liberty of sending you the attached
one page memorandum which summarizes my view of how to
proceed at this stage on the Middle East problem.

With best regards,

Sincerely yours,

Scoop
Henry M. Jackson, U.S.S.

*5102
F005*

MEMORANDUM ON THE MIDDLE EAST SITUATION

1. The most promising development in years in the Middle East has been the development of a direct negotiation between Israel and Egypt arising out of the Sadat visit to Jerusalem and carried on subsequently -- albeit intermittently.
2. The Sadat initiative was almost certainly a reaction to the prospect of a U.S.-Soviet cosponsored Geneva conference in which Sadat was convinced he would be locked into positions reflecting the most inflexible and irredentist views of the PLO (or a PLO surrogate), the Syrians and the Soviets.
3. Like the Geneva conference, the prospect of a drive toward a "comprehensive" settlement implies that the more readily soluble dispute between Egypt and Israel will be subordinated to the intractable differences between Israel and the Palestinians, between the Palestinians and the Syrians and Jordanians, and to the dispute over the principle of total vs. partial Israeli withdrawal as it applies to the West Bank (and Jerusalem) in particular.
4. It is possible that Sadat would choose to reach a separate agreement with Israel if he could do so without appearing to betray the collective interest of the other states.
5. An American policy of discouraging a separate Egyptian-Israeli deal forces Sadat to attempt to negotiate on behalf of the other Arab claimants, a posture that he is under pressure to adopt in any case. So long as the United States is committed to a comprehensive settlement Sadat can espouse no less.
6. Insistence on a comprehensive settlement will assure that there will be no settlement at all. In such a climate Sadat will continue to seek to drive a wedge between Israel and the United States. Recent American diplomacy, especially the one-sided criticism of Israel, has served to encourage this strategy by Sadat. The result is an inevitable continuation of the current impasse.
7. The Israeli position with respect to the return of Egyptian territory is an adequate basis for negotiation between Israel and Egypt. The settlements issue could be handled in the context of security arrangements, especially with respect to the Rafah Salient.
8. Sadat can only move toward a separate agreement under American pressure sufficient to protect him against the charge of betrayal of the Palestinians.
9. It should be American policy, therefore, to bring maximum pressure to bear on Sadat for the early conclusion of an Egyptian-Israeli agreement covering Egyptian territory. The resolution of the issues surrounding the West Bank could be left for subsequent negotiation directly among the affected parties on the basis of Resolution 242.
10. The U.S. should bend every effort to obtain Saudi support of such a policy.

Senator Henry M. Jackson
June 29, 1978

DOCUMENT DESCRIPTION

U S TS SN CO
Log in & Out ()

TO: PresFROM: Jackson, Henry inDATE: 6/29

Other: _____

SUBJECT: (C)

Expanded Subject (If needed)

Middle East Situation

	Action	Comments	Info	Rec'd	Action Required:
Advance Cx ZB/Aaron					Prepare memo for President ()
Staff Secretary					Prepare memo for Brzezinski, ()
Western Europe/Canada					Prepare reply for <u>ZB sig</u> (X)
USSR/Eastern Europe					Prepare memo _____ to _____ ()
Far East					Prepare SP. ()
ERC & ROC					Recommendations ()
Mid-East/No. Africa	X			X	Concurrence/Comments ()
N/S Issues: Gen/Afr/S.Asia					Appropriate Action. ()
N/S: Latin America					Any Action Necessary ()
N/S: UN/LOS/et al					
N/S: Dev Economics					
Horn of Africa/Social					
Global Issues					
Security Analysis					
Economics					
Intelligence					
Congressional/Press				X X	
Scientific					
Crisis Management					
Humanitarian					
Other					

Due Date: 7/10

COMMENTS: _____

Date	To	Sta	Action Required or Taken (Updates)	Due	Copy(s) to
7/6	ZB	X	send to Pres for sig	(7/8)	allmylet
	Pres	D	sgn		
7/10		C	Pres sgn (to Jackson)		

Dispatch/Instructions

VIA Central reference
TS, 7/6/7

Enclosure, or attached

M/F'd

Filed: PA

By

WE NS DY

THE WHITE HOUSE

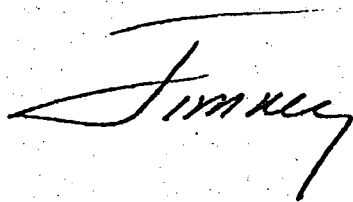
WASHINGTON

July 7, 1978

To Scoop Jackson.

Thank you very much for your thoughtful and timely memorandum on the Middle East situation. Your letter certainly provides a concise and cogent statement of the rationale in favor of a separate peace agreement between Egypt and Israel. I am glad you brought to my attention your concerns with our policy of seeking a comprehensive peace settlement, and I shall insure that your views will be given the most serious consideration in the development of our policy over the coming weeks and months.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jimmy Carter". The signature is written in a cursive, flowing style with a long horizontal line extending from the top of the first letter.

The Honorable Henry M. Jackson
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE
WASHINGTON

DONNA,

The attached was sent to the
President with the morning
courier, July 7, 1978.

Kathy

MEMORANDUM

4082 (redo)

NATIONAL SECURITY COUNCIL

ACTION

July 6, 1978

MEMORANDUM FOR:

ZBIGNIEW BRZEZINSKI

FROM:

WILLIAM B. QUANDT

SUBJECT:

Letter from Senator Jackson

The proposed ^{you} response to Senator Jackson has been re-written as requested. (Tab A)

RECOMMENDATION: That you sign the memo to the President at Tab I.

THE WHITE HOUSE

WASHINGTON

To Scoop Jackson

Thank you very much for your thoughtful and timely memorandum on the Middle East situation. Your letter certainly provides a concise and cogent statement of the rationale in favor of a separate peace agreement between Egypt and Israel. I am glad you brought to my attention your concerns with our policy of seeking a comprehensive peace settlement, and I shall insure that your views will be given the most serious consideration in the development of our policy over the coming weeks and months.

Sincerely,

The Honorable Henry M. Jackson
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE
WASHINGTON

7/6/78

4082----tubed to Bill
Quandt for redo

ZB's note to Quandt reads:

"revise response--sounds
like an endorsement."

NATIONAL SECURITY COUNCIL

ACTION

July 6, 1978

MEMORANDUM FOR:

ZBIGNIEW BRZEZINSKI

FROM:

WILLIAM QUANDT B2

SUBJECT:

Letter from Senator Jackson

We received the letter at Tab B this morning. Shortly thereafter we received a call from Congressional Liaison saying that the President has asked to see the letter. We said we would try to have the letter and a draft reply to Rick Hutcheson in time for the next courier to Camp David.

RECOMMENDATION: That you sign the memo to the President at Tab I.

*write response
would like an endorsement*

8:55 AM

THE WHITE HOUSE

WASHINGTON

July 8, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
SUBJECT: Meeting with Secretary Adams concerning
Waterway User Charges

Secretary Adams will be briefing you on a proposed compromise on waterway user fees. The key elements of this compromise are: 1) a tax on fuel rising from 4¢ in 1980 to 10¢ in 1986; 2) earmarking this tax for a waterway trust fund to be used to offset some part of the cost of maintaining or constructing the waterway system. Long and Ullman apparently will accept this compromise.

In my judgment the key question is whether the trust fund concept will be viewed as a significant step toward the "substantial recovery of new construction costs" for which we have been arguing so strenuously. Secretary Adams apparently believes that it does. I am not so sure. Frankly I am fearful that the trust fund compromise is as likely to be characterized as a surrender by the Administration as a victory. Because of our repeated veto threats and the looming battle over water projects, the appearance of this issue may be as important as the substance. Your credibility, as well as that of Secretary Adams, is at stake.

I recommend that you postpone a final decision on the acceptability of this compromise until we canvass key supporters on this issue, like Senators Stevenson and Dominici, and those outside the Congress who have helped us, concerning the compromise. With this information you will be better able to decide the issue on your return from the Summit, weighing the likely public and Congressional reaction.



Department of Energy
Washington, D.C. 20585

June 30, 1978

NOTE TO RICK HUTCHESON

Attached is a Memorandum on China to the President from James R. Schlesinger that is sensitive and classified. It should be forwarded to the President at Camp David at the earliest possible time.

I would appreciate any feed back at the earliest possible time.

Many thanks.

A handwritten signature in dark ink, appearing to read "Frank R. Pagnotta", is positioned above the typed name.

Frank R. Pagnotta
Director
Office of the Secretary

Attachment

THE WHITE HOUSE
WASHINGTON
July 8, 1978

Secretary Schlesinger

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Zbig Brzezinski

CHINA

SECRET ATTACHMENT

THE WHITE HOUSE
WASHINGTON

Mr. President:

Zbig notes that Secretary Vance proposed this trip to the Chinese as part of our effort to widen bilateral ties. Also, Zbig pursued this matter in Peking and such a visit in August would maintain the momentum.

Rick/Bill



Department of Energy
Washington, D.C. 20585

~~SECRET~~

This document consists of 1 pages
No. 1 of 6 Copies, Series LA-A

June 30, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JAMES R. SCHLESINGER

SUBJECT:

TRIP TO CHINA

*Jim - Date
of - Describe
size / character
of proposed
delegation - I
prefer small,
technical*

On June 19, Ambassador Han came in to see Zbig in response to some of our proposals for wider bilateral contacts. Han said the Chinese side would particularly welcome an energy delegation headed by me.

From an energy point of view such a trip would make sense. The visit of the ministerial-level Chinese delegation in January has resulted in greatly increased contact between the Chinese petroleum authorities and American firms. The Chinese are currently dealing with several American oil companies for exploration and development of their offshore oil resources.

Energy matters may be touched upon tangentially when Frank Press and the scientific delegation visit China next month. However, Ambassador Han's invitation seems to suggest the Chinese would prefer to reserve those topics for the energy delegation.

Any such visit should, of course, be reviewed in the context of your foreign policy objectives. Cy Vance suggested such a trip earlier this year, but the question now should be the pacing of such visits. If you feel such a visit makes sense, I could go beginning the week of August 21 when the Congress will be in recess. An alternative would be to wait until the Congress adjourns in October.

SUBJECT TO GENERAL DECLASSIFICATION SCHEDULE OF
EXECUTIVE ORDER 11652 AUTOMATICALLY DOWNGRADED
AT TWO YEAR INTERVALS AND DECLASSIFIED ON DEC. 31

Document Transmitted
Herewith Contains
NATIONAL SECURITY INFORMATION

~~SECRET~~

7/10/90

1986
(Insert year)

THE WHITE HOUSE

WASHINGTON

In Safe
~~SECRET~~

Date: July 3, 1978

MEMORANDUM

FOR ACTION:

Zbig Brzezinski *concur - in safe*

FOR INFORMATION:

Frank Press

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: SECRET memo from Sec. Schlesinger re China

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 9:00 am

DAY: Wednesday

DATE: July 5

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

DECLASSIFIED
E.O. 13526, 6/11/2013
WHITE HOUSE HISTORICAL LIAISON
BY *Gay* DATE *9/10/90*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone 7052)

THE WHITE HOUSE

WASHINGTON

Date: July 3, 1978

~~SECRET~~

MEMORANDUM

FOR ACTION:

✓ Zbig Brzezinski

FOR INFORMATION:

Frank Press

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: SECRET memo from Sec. Schlesinger re China

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 9:00 am

DAY: Wednesday

DATE: July 5

ACTION REQUESTED:

Other: ☒ Your comments

DECLASSIFIED

E.O. 12353, SEC. 3.4(b)

WHITE HOUSE GUIDELINES, FEB. 24, 1993

BY *Gay* NARS, DATE 4/10/90

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

Cy proposed the trip to the Chinese as part
of our effort to widen bilateral ties. I pursued
the matter in Peking. A visit in late Aug.
would maintain the momentum.

2B.

7/3/78



Department of Energy
Washington, D.C. 20585

June 30, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: JAMES R. SCHLESINGER
SUBJECT: TRIP TO CHINA

On June 19, Ambassador Han came in to see Zbig in response to some of our proposals for wider bilateral contacts. Han said the Chinese side would particularly welcome an energy delegation headed by me.

From an energy point of view such a trip would make sense. The visit of the ministerial-level Chinese delegation in January has resulted in greatly increased contact between the Chinese petroleum authorities and American firms. The Chinese are currently dealing with several American oil companies for exploration and development of their offshore oil resources.

Energy matters may be touched upon tangentially when Frank Press and the scientific delegation visit China next month. However, Ambassador Han's invitation seems to suggest the Chinese would prefer to reserve those topics for the energy delegation.

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SUBJECT TO GENERAL DECLASSIFICATION SCHEDULE OF
EXECUTIVE ORDER 11652 AUTOMATICALLY DOWNGRADED
AT TWO YEAR INTERVALS AND DECLASSIFIED ON DEC. 31

1986
(insert year)

Document Transmitted
Herewith ()

NATIONAL SECURITY INFORMATION

~~SECRET~~

July 11/10/80